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have altered the law. *Union Trust Co. v. McGinty*, 212 Mass. 205, 98 N. E. 679; *Lane v. Hyder*, 163 Mo. App. 688, 147 S. W. 514; *Cowan v. Ramsey*, 140 Pac. 501 (Ariz.). See 28 HARV. L. REV. 102. Apparently only one other court has, like the principal case, relied on Section 58 to release the surety. *Fullerton Lumber Co. v. Snouffer*, 139 Ia. 176, 117 N. W. 50. To relieve the surety, however, on the ground that a payee cannot be a holder in due course is unfortunate. The weight of authority at common law and under the English and American statutes is to the contrary. *Watson v. Russell*, 3 B. & S. 34; *Lucas v. Owens*, 113 Ind. 521, 16 N. E. 196; *Lloyd's Bank, Ltd. v. Cooke*, [1907] 1 K. B. 794, 806; *Boston Steel & Iron Co. v. Steuer*, 183 Mass. 140, 66 N. E. 646. See 15 HARV. L. REV. 579; 16 *id.* 596. A better method of reaching the desired result would be to hold frankly that Sections 119 and 120 do not apply. Cf. *Farmer's Bank of Wickliffe v. Wickliffe*, 134 Ky. 627, 121 S. W. 498. See BRANNAN, NEGOTIABLE INSTRUMENTS LAW, 2 ed., 117. Such a course would be particularly justifiable in this case, as a release of security, unlike an extension of time, is not specifically mentioned in Section 120. Probably the best solution, however, would be to eliminate two sections which so inadequately attempt to codify the law of suretyship and leave the situation as it was at common law. See 14 HARV. L. REV. 241, 254; 16 *id.* 255, 259; 59 U. OF PA. L. REV. 532, 542.

BONDS — NEGLIGENT REISSUE BY OBLIGOR UNDER FORGED INDORSEMENT: RIGHTS OF *BONÂ FIDE* PURCHASER. — Executors owned bonds transferable only by indorsement and surrender. A thief stole the bonds, and by forging the indorsement, secured a reissue from the obligor in the name of one of the executors. The thief then forged the signature of this executor, and sold the bonds to a *bonâ fide* purchaser, who secured new bonds from the obligor in his own name. The obligor was found to be negligent in not discovering the forgery when the bonds were presented for the first reissue, but not in reissuing bonds to the purchaser. Held, that the executors are entitled to the bonds; but that the obligor, because of his negligence, must reimburse the purchaser. *Chester County, etc. Co. v. Securities Co.*, 150 N. Y. Supp. 1010 (App. Div.).

The transfer of bonds or notes under a forged indorsement of course passes no title even to a *bonâ fide* purchaser. *Dana v. Underwood*, 19 Pick. (Mass.) 99; *Smith v. Chester*, 1 T. R. 654. Hence the executors were clearly entitled to recover the bonds in the principal case, as an altered form of the *res*. *Graves v. American Exchange Bank*, 17 N. Y. 205; *Hatton v. Holmes*, 97 Cal. 208, 31 Pac. 1131. Furthermore, the obligor may ordinarily recover a payment made to a holder under a forged indorsement. *Canal Bank v. Bank of Albany*, 1 Hill (N. Y.) 287; *United States v. National Park Bank*, 6 Fed. 852. See AMES, "Doctrine of Price v. Neal," 4 HARV. L. REV. 297, 307. Cf. *London & River Plate Bank v. Bank of Liverpool*, [1896] 1 Q. B. 7. A *fortiori*, the obligor in the principal case could not be held liable to the purchaser, in spite of the legal title given to the purchaser by the reissue, unless in some way estopped to deny the forgery of the indorsement. It is true that negligence in signing commercial paper under the belief that it is an instrument of a different nature, estops the signer from denying liability on the instrument. *Douglass v. Matting*, 29 Ia. 498; *Chapman v. Rose*, 56 N. Y. 137; *Winchell v. Crider*, 29 Oh. St. 480. By analogy, the negligent reissue of an instrument under a forged indorsement should estop the issuer from denying the title of a subsequent *bonâ fide* purchaser of the new instrument. But in the principal case, the payee's indorsement on the new instrument was also forged, and since there was no negligence in the second reissue, the purchaser cannot recover unless the negligence of the obligor in the first reissue estops him from asserting the subsequent forged indorsement. To utter commercial paper in an improper form

which invites alteration, would estop the obligor from setting up any such forgery. *Harvey v. Smith*, 55 Ill. 224; *Garrard v. Haddan*, 67 Pa. St. 82; *Young v. Grote*, 4 Bing. 253. Cf. *Knoxville National Bank v. Clark*, 51 Ia. 264, 1 N. W. 491; *Greenfield Savings Bank v. Stowell*, 123 Mass. 196; *contra*, *Colonial Bank of Australasia v. Marshall*, [1906] A. C. 559. But if an instrument is properly drawn there is no duty of care to see that it does not get into the hands of a forger. *Patent Safety Gun Cotton Co. v. Wilson*, 49 L. J. C. P. 713; *Baxendale v. Bennett*, 3 Q. B. D. 525. See *Shepard & Morse Lumber Co. v. Eldridge*, 171 Mass. 516, 528, 51 N. E. 9, 14; *Bank of Ireland v. Trustees of Evans Charities*, 5 H. L. C. 389; *Arnold v. Cheque Bank*, 1 C. P. D. 578, 588. Accordingly there was no basis for an estoppel as to the second forgery, and the principal case seems wrong in allowing the purchaser to demand reimbursement from the obligor.

CARRIERS — PASSENGERS: PERSONAL INJURIES TO PASSENGERS — RIGHT TO RECOVER FOR INSULTS OF A SERVANT ALTHOUGH SUBJECT TO EJECTION. — In a case of connecting carriage, the conductor of the first carrier received, without objection, the ticket of the plaintiff which entitled her to transportation in the reverse direction from that of the journey undertaken. She was given no voucher for this ticket and was subjected to insult from the conductor of the defendant, the second carrier, when she was unable to produce a voucher. *Held*, that the plaintiff cannot recover. *Robinson v. New York, N. H. & H. R. Co.*, 150 N. Y. Supp. 925 (App. Div.).

The court based its decision on the ground that the plaintiff had no valid contract of carriage and was therefore not entitled to any reparation for the injuries suffered. For a discussion of the proper theory underlying the law of public callings, see NOTES, p. 620.

CONSTITUTIONAL LAW — DUE PROCESS OF LAW — STATE REGULATION OF SALE OF STOCKS, BONDS AND OTHER SECURITIES. — An Arkansas statute required that before attempting to sell any securities, foreign and domestic investment companies, which were defined to include individuals and associations of individuals, should file full data regarding their plan of business, and financial condition, and certain reports, with the insurance commissioner, who was authorized to prohibit the business if in his judgment a company was not solvent, or was not maintaining a fair, just, and equitable plan of business, or did not promise a fair return. LAWS, 1913, p. 904. A foreign company engaged in selling investment home-purchasing contracts on an instalment plan and in making loans on the same, seeks to enjoin the enforcement of the statute. *Held*, that the statute is constitutional. *Standard Home Co. v. Davis*, 217 Fed. 904 (D. C., E. D. Ark.).

An individual who received stock in a mining corporation in return for property conveyed, and later sold the stock in violation of a West Virginia statute of similar purport, LAWS, 1913, c. 15, now seeks to enjoin criminal proceedings against him, on the ground that the statute is unconstitutional. *Held*, that the statute is unconstitutional. *Bracey v. Darst*, 218 Fed. 482 (D. C., N. D. W. Va.).

These cases have brought before the courts the "Blue Sky Laws" of two more states. In the Arkansas case, the problem of the constitutionality of state regulation of the sale of stocks and bonds was not squarely presented. The company in question was engaged rather in the loan and investment business than in the sale of securities, but the court said broadly that the statute had such a reasonable relation to the public welfare that it would be sustained as an exercise of the police power. No objection, furthermore, could be made to the regulation as an interference with interstate commerce, for the business, while interstate, closely resembled insurance and was not commerce. Cf. *New*